

WASHINGTON (September 12) – Legislation to help improve the quality of financial advice received by local governments today cleared the House Financial Services Committee chaired by Congressman Spencer Bachus (AL-6).

The following article on the legislation was published on the Al.com news website.

### **Birmingham Congressman Spencer Bachus' committee passes bill on municipal advisors**

By Mary Orndorff Troyan -- Washington Bureau The Birmingham News

WASHINGTON -- A bill requiring certain financial advisors to local governments register with the Securities and Exchange Commission passed a House committee Wednesday, a proposal that a Birmingham congressman said might have protected Jefferson County from some bad advice on restructuring its sewer debt.

"Had this section been in effect in Jefferson County years ago, we could have avoided the problem," said U.S. Rep. Spencer Bachus, R-Vestavia Hills.

Congress first tackled the issue of unscrupulous municipal advisors two years ago in the Dodd-Frank Wall Street reform law, but the SEC rules implementing that section were declared too broad by Democrats and Republicans. The bill approved Wednesday by the House Financial Services Committee, where Bachus is chairman, would narrow the list of people who would be affected by the tighter regulations.

If it passes the Senate and becomes law, it would limit the registration requirement to those who have been hired, for compensation, by the local government entity, and exclude those who are already regulated by a different federal agency and those who are volunteer appointees to oversight boards, such as university trustees.

Democrats and Republicans hailed Wednesday's vote as a sign of bipartisan cooperation and a recognition that some aspects of the controversial Dodd-Frank regulatory reform law can be amended and improved, without being altogether scrapped.

"This is not an ideologically divisive issue," said Rep. Barney Frank, D-Mass., and the top Democrat on the committee.

Jefferson County reported \$4.23 billion in debt when it declared bankruptcy last year, the largest municipal bankruptcy in U.S. history. Most of the debt is related to a massive sewer project that was riddled with corruption and poor financial management. Executives with CDR Financial Products are an example of the unregulated municipal advisers that the legislation targets, and they were involved in Jefferson County.